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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., et al.,	: 08-13555 (JMP)
	:
Debtors.	: (Jointly Administered)
-----X	

**QUARTERLY REPORT PURSUANT TO ORDER
PURSUANT TO SECTION 105(a) AND BANKRUPTCY RULES
3007 AND 9019(b) APPROVING SETTLEMENT PROCEDURES**

Pursuant to the Order Pursuant to Section 105(a) and Bankruptcy Rules 3007 and 9019(b) Approving Settlement Procedures, entered on March 31, 2010 (the “Order”),¹ the Court granted Lehman Brothers Holdings Inc. and its affiliated debtors in the above-referenced chapter 11 cases (together, the “Debtors”) authority to settle certain prepetition claims in accordance with the procedures set forth in the Order.

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Order.

As required by the Order, the Debtors hereby file the quarterly report of all settlements entered into during the period July 14, 2010 to and including September 30, 2010 pursuant to the Settlement Procedures set forth in the Order, annexed hereto as Exhibit A.

Dated: October 25, 2010
New York, New York

/s/ Shai Y. Waisman
Shai Y. Waisman

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Exhibit A
(Quarterly Report)

Claims Settlements For the Period 7/14/2010 to 9/30/2010

Claimant	Claim #	Type of Claim	Filed Claim Amount	Claim Settlement Amount	Priority of Claim Settlement Amount
PEQUOT DIVERSIFIED MASTER FUND, LTD.	12315	General Unsecured	1,131,166.66	33,284.00	General Unsecured
ONE EAST PARTNERS MASTER, L.P	17626	General Unsecured	76,975.77	73,125.00	General Unsecured